Business Plan 2016/7 to 2018/9 – Q3 Update
Administration and Communications

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
xN	Item added since original business plan
xM	Period moved since original business plan due to change of plan /circumstances
~~x~~	Original item where the period has been moved or task deleted since original business plan

Administration (including Communications) Tasks

Ref	Key Action –Task	2016/17 Period				Later Years	
		Q1	Q2	Q3	Q4	2017/18	2018/19
A1	Pension Administration and Communication Strategies - final implementation including the set-up of performance monitoring	x	x	x			
A2	Tax Changes (Potentially from Spring Budget)	x					
A3	3rd Party Administrators Framework	x	x	x			
A4	Backlog to 31 March 2013 (Mercers)	x	x	x			
A5	Backlog from 1 April 2014 (Internal)	x	x	x	x		
A6	Preparation of Member Data for Valuation	x	x	x			
A7	Document production and word integration	x	x	x	x		
A8	Electronic and Centralised internal procedures	x	x	x	x		
A9	Website Update	x	x	x	x	x	
A10	GMP Reconciliation	x	x	x	x	x	x
A11	Trivial Commutation		x	x	x		
A12	i-Connect		x	x	x	x	x
A13	Member Self Service			x	x	x	

Administration and Communication Task Descriptions

A1 – Pension Administration and Communication Strategies - final implementation including the set-up of performance monitoring

What is it?

These strategies, outlining how we deliver our administration and communication services, are expected to be effective from 1 April 2016. They include the high level service standards we will provide, the standards we expect from employers and how we engage and communicate with our stakeholders. There will be some final work implementing the strategies and the associated performance monitoring.

Timescales and Stages

Implementation and Commencement of Strategies	2016/17 Q1

Resource and Budget Implications

All internal costs are being met from the existing budget

A2 – Tax Changes (potentially from the Spring Budget)

What is it?

HM Treasury has already legislated for several changes to how pensions are taxed, while others may be announced at the next Budget on 16 March. Already coming in the 2016/17 tax year is a reduction in the Lifetime Allowance from £1.25 million to £1 million, which will hit high earners and long-serving scheme members. Also, the Annual Allowance taper for higher earners will potentially reduce maximum contributions eligible for tax relief to £10,000. However, this restriction will only hit those earning six-figure salaries and above. Further changes may include another review of pension taxation (expected in the Budget speech), the long-mooted abolition or reform of pension tax relief and measures to help investors facing pension exit penalties to access the pensions freedoms granted in April 2015.

Timescales and Stages

Communicate as necessary	2016/17 Q1

Resource and Budget Implications

All internal costs are being met from the existing budget.

A3 - 3rd Party Administrators Framework

What is it?

To work with other LGPS administering authorities in establishing a national Framework to enable the procurement of 3rd Party Administrators. Part of this will include the provision to procure assistance with project work, where internal resources are not sufficient to cope, or where they do not have the required knowledge and experience to undertake such work whilst continuing to do "business as usual"

Timescales and Stages

Appointment to Framework	2016/17	Q1/2

Resource and Budget Implications

To be led by the Pension Administration Manager. All internal costs will be met by the existing budget. There will be some initial set-up costs involved in this process, to be determined.

A4– Backlog to 31 March 2013 (Mercers)

What is it?

A backlog of tasks prior to 31 March 2013 amounting to 3,000 member cases was initially identified and was reduced by the pensions administration team to approximately 1,700. Plans were put in place to eliminate this accumulated backlog and the Fund's actuary was appointed to complete this project.

Timescales and Stages

Clear cases externally, eliminating backlog.	2016/17 Q1/2

Resource and Budget Implications

Mainly outsourced to the Fund's Actuary and managed internally by the Pensions Administration Manager. It does require some assistance from the operation team. Employers have also needed to dedicate appropriate time in providing information. There are significant external costs associated with this exercise but all alternative options have been considered.

A5 – Backlog from 1 April 2014 to 31 March 2015 (Internal)

What is it?

Following the introduction of the new scheme from 1 April 2014 and late receipt of regulations concerning how members' benefits would be aggregated, a backlog of cases built up, and is in the process of being worked on at the same time as doing the day to day administration.

Timescales and Stages

Clear cases internally for period to 31 March 2015	2016/17 Q1/2
Clear any further backlogs that have accumulated since	2016/17 Q3/4

Resource and Budget Implications

To be completed by the Operations Team. Internal costs are being met from the existing budget albeit this may utilise some of the overtime budget.

A6 – Preparation of Member Data for Valuation

What is it?

The triennial actuarial valuation as at 31 March 2016 requires the pensions administration team to provide data to the actuary. This generally involves additional year end cleansing and is particularly detailed for the 2016 actuarial valuation.

Timescales and Stages

Data for 31 March 2016 valuation:	2016/17 Q1/2
Potential final clarification on data	2016/17 Q3

Resource and Budget Implications

Carried out by the Technical Team in the main with assistance from the Communications Officer when communicating the valuation results. All internal costs are being met from the existing budget.

A7 Document Production and Word Integration

What is it?

There is a facility whereby we can utilise the pensions software (Altair) to create and maintain the standard layout of letters, summaries and other documents. This includes the ability to populate variable data from that held within the system. After the completion of a benefit calculation or a bulk calculation, or following a selection of members, the variable data is merged with the document text to produce the required generated documents for each member. Documents are listed in the document history and they can be printed immediately or at a later date. Setting up this facility is time consuming in the short term but produces ongoing efficiencies as well as reducing the risk of manual error.

Timescales and Stages

Obtain all current letters in use:	2016/17 Q1
Update system with all letters including testing	2016/17 Q2/3/4

Resource and Budget Implications

To be led by the Technical Team with assistance from the Operational Team. All internal costs are being met from the existing budget.

A8 – Electronic and Centralised internal procedures

What is it?

Developing an on-line procedures manual for use by the pensions administration staff. This will amalgamate, expand and update current procedure documents ensure consistency, easy access and efficient working as well as providing a useful training tool.

Timescales and Stages

Develop and collate	2016/17 Q1/2
Upload and maintain	2016/17 Q3/4

Resource and Budget Implications

To be carried out by the full pensions administration team. All internal costs to be met from the existing budget

A9 – Website Update

What is it?

An overhaul of the Pension Fund's website, considering the ease of navigation, the look and feel whilst ensuring that the relevant content is included and is correct. As part of this review, the Communications Officer will consider options in relation to how the existing website can be updated including utilising wording prepared at a national level. Although this is separate to the member self-service facility, there will be some overlap due to access being via the website.

Timescales and Stages

Update and revamp	2016/17 Q1/2/3/4
Link with member self-service (if appropriate)	2017/18

Resource and Budget Implications

This will be a significant amount of work to be undertaken in the main by the Communications Officer with some assistance from the Technical Team. All internal costs to be met from the existing budget.

A10 – Scheme/GMP Reconciliation

What is it?

The government's announcement that contracting out will cease and that HMRC will no longer by responsible for maintaining GMP and other contracting out member records. This means that the onus will be on individual funds to ensure that the contracting out and GMP data they hold on their systems matches up to the data held by HMRC before they cease holding these records. Unfortunately this has shown significant discrepancies between the two sets of data. As a result a significant amount of work will be required to determine the correct benefits, ensure all systems are updated and to process a significant number of over/underpayment calculations. After the records are reconciled for former pensionable employees, the Fund will also verify national insurance information held for active members. All GMP's and national insurance information must be reconciled by December 2018, the date the HMRC will cease to provide their services. The timescales below are subject to change depending on the magnitude of the work.

Timescales and Stages

GMP data reconciliation and investigation	2016/17 to 2017/18
Benefit correction and system updates:	2016/17 to 2017/18
Reconciliation of national insurance information	2017/18

Resource and Budget Implications

This project is currently being led by the Technical Team with some assistance from the Operational Team. Some external assistance from Heywoods (our software provider) has been provided, this external assistance is at a minimal cost at present. However, it is anticipated that due to the significant additional resource required to

complete this project, further external resource will be sought. This has been estimated as £840,000 and is included in the budget.

A11 – Trivial Commutation

What is it?

This is where a member who is entitled to a small pension can elect to give up the entirety of that pension and instead receive their benefit as a single lump sum payment. This should reduce the administrative burden on Funds paying a large number of very small pensions over a number of years as well as providing greater clarity from a funding perspective.

The government has recently increased the allowable limit for members to trivially commute their pension in relation to their single pension (£10,000 value) and total benefits (£30,000) and this has meant that more members are now eligible to choose this. The pension administration team will need to identify all historical cases that are eligible in the two categories and communicate with them to determine whether they would like to commute their pensions for lump sums. In addition, they will need to update their processes for all future retirements.

Timescales and Stages

Identify members eligible to commute under £10,000:	2016/17 Q2/3
Communicate with eligible members and pay lump sums:	2016/17 Q2/3
Identify members eligible to commute under £30,000:	2016/17 Q3/4
Communicate with eligible members and pay lump sums:	2016/17 Q3/4

Resource and Budget Implications

Led by the Technical Team with some assistance from the Operational Team. All internal costs to be met by existing budget.

A12 – iConnect

What is it?

On-line computer module that will allow information to be submitted by employers more directly and efficiently into the pension administration system. It involves employers uploading data directly into iConnect from their payroll systems. iConnect will be available to all large employers of the Fund. The first stage will be ensuring that the correct member records are held on the administration system before entering into testing and live roll out of the system. This will be done on a phased basis by employer.

Timescales and Stages

Denbighshire CC	2016/17 Q2/3
Coleg Cambria/North Wales Fire/Glyndwr	2016/17 Q3/4
Wrexham CBC and Flintshire CC	2017/18

Resource and Budget Implications

Time and resource for Employers required. All internal costs are being met from existing budget.

A13 - Member Self Service

What is it?

Member Self-Service will provide members with an easy-to-use interface to the pensions section. This will enable them to access information, undertake data amendments, view their documents and carry out benefit projections online without taking up valuable administration staff time.

Timescales and Stages

Obtain costings and gain approval from Pension Committee	2016/17 Q3/4
Implement System	2017/18 Q1

Resource and Budget Implications

To be led by the Pensions Administration Manager and implemented by the Technical Team with assistance from the Operational Team. The indicative cost for this is £106,800.